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Cong. Ryan, Opposing $360,000 for HUAC, Tells How It Issued A 'Handbook for Saboteurs', Page 2

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Basic Economic Ills No Mere Tax Cut Can Cure

Conventional economists and commentators seem reluctant to look at two aspects of our economy in the current controversy over its sluggishness. One of these has to do with military spending. This, according to the figures used by the President in his talk to the American Bankers' Association, is running close to $55 billion a year. Spending for arms represents more than half the Federal budget and more than 10 percent of gross national product. This is an artificial shot-in-the-arm for the economy, an enormous boondoggle—as we used to say in the New Deal period. FDR never dared to spend on anywhere near this scale to stimulate the economy.

Mr. Kennedy told the bankers the economy has been sluggish for five years. During those five years the artificial stimulus of the arms race and the space race has been steadily stepped up. Five years ago in fiscal '59 the total together accounted for $46.5 billions. Next fiscal year the arms race will cost $56 billion and the space race $4 billion—a total of $60 billion. An economy that continues to be sluggish despite such huge infusions of government spending is suffering from something fundamentally wrong, something more fundamental than a mere tax cut can cure.

Nothing Sluggish About Profits

Another aspect of the economy which nice people don't talk about has to do with profits. The economy may be sluggish but corporate profits are blooming. Standard Oil of New Jersey, du Pont and General Motors all reported 1962 their most profitable year ever. The steel companies are singing the blues but if you read the footnotes to their annual reports and see the millions extra they have deducted from net earnings and added to depreciation account under the new depreciation allowances, you will see they shifted cash income from one pocket to another. The *Wall Street Journal* (Feb. 20) reported that corporate profits in the final quarter of 1962 "probably reached a peacetime record." The February issue of "Economic Indicators" prepared for the Joint Economic Committee of Congress shows that in the sluggish years from 1958 to 1962 corporate profits after taxes rose from $18.8 billion to $26 billion, a peacetime high. Even more striking was the rise in profits after taxes plus "capital consumption allowances"; the latter include depreciation and capital outlays charged to current accounts—this is where real profits are hidden. These rose from $41.4 billions in 1958 to $55.2 billions in 1962. These figures hardly support the notion that tax cuts are needed in corporate and upper brackets.

In a brilliant analysis before the Joint Economic Committee, Leon H. Keyserling called the President's tax program "a pigmy sent out to do a giant's job." The truth is that the tax program is largely irrelevant. The rate of unemployment at the bottom of our society, among the youth, the unskilled and the Negro is twice the average. To create full employment for them requires more direct measures, among them education and urban renewal. The President's program seems based on the view that if taxes are cut among the more fortunate elements of our society, some of it will trickle down. Much of it, on the contrary, will only trickle into the cash surpluses of the big corporations and the wealthy.

Profits do well in a sluggish economy because a major sector of American industry is able to fix prices so it can break even at much less than full capacity and full employment. But in the current controversy over the tax program only Walter Reuther has had the nerve to attack this problem of "administered prices." He told the Joint Economic Committee that major companies in autos and steel price their products to break even "well below 50 percent" of capacity. In their eyes a goodly margin of unemployment is "healthy," helps keep labor in line and wages down. They plan price and output to do quite well for themselves in a sluggish economy.

While advocating a tax cut in the lower brackets as an economic stimulant, Mr. Reuther had the temerity to suggest that we need economic planning for full output. This is regarded here as perilously close to that dangerous word, "socialism," though *Business Week* not so long ago (April 1962) said economic planning accounted for "the long and remarkably stable" boom in Western Europe. Our economy depends (1) on planning for war, i.e. the arms and space races, and (2) on administered prices, i.e. private planning for maximum profit at less than full capacity. But public planning for peace and abundance—that is taboo!

Seven Years and $2 Billions Later

". . . it would be a disservice to my country not to voice a deep concern over the trend of events in Viet Nam in the 7 years which have elapsed since my last visit. . . . All of the current difficulties existed in 1955, along with hope and energy to meet them. But it is 7 years and $2 billion of U.S. aid later. Yet substantially the same difficulties remain if, indeed, they have not been compounded."

—Sen. Mansfield, letter submitting his report on a recent visit to Viet Nam with Senators Boggs (Del), Pell (R.I.) and Smith (Mass), Feb. 25.

"It is most disturbing to find that after 7 years of the Republic, South Viet Nam appears less, not more, stable than it was at the outset, that it appears more removed from, rather than closer to, the achievement of popularly responsible and responsive government. The pressures of the Vietcong guerrillas do not entirely explain this situation." *—From the report itself.*

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Its Only Law in Two Years Corrected Its Own Error—'A Handbook for Saboteurs'

Cong. John F. Ryan's Testimony Attacking the Huge Cost of the HUAC

On Feb. 21 the House Administration Committee approved a record high $360,000 one-year appropriation for the Un-American Activities Committee. Only one member of the House, Wm. Fitts Ryan (D.) of New York appeared before the Administration Committee to oppose the appropriation. We present here the salient portions of his testimony:

"The Un-American Activities Committee's demands for funds are becoming an increasingly heavy burden on this House. It has asked for an appropriation ($360,000) higher than any in its 25-year history. One can only speculate at this point how the HUAC's present request compares with those of other Committees. The record for the 87th Congress is all too clear. Of the 19 Standing Committees only 2 were given more than the HUAC. The $681,000 appropriated for the HUAC during the [2 years] 87th Congress was considerably more than twice the sum allocated to the Banking and Currency Committee ($250,000), more than three times as much as Foreign Affairs ($155,000) and Armed Services ($150,000), and more than 9 times as much as Agriculture ($75,000). Although three of the most important Presidential proposals were directed to the Ways and Means Committee last year, this Committee made do with $25,000 for both sessions of the 87th Congress.

A Mammoth Printing Bill

"By any test, investigating 'un-American' activities has been an expensive operation. Exact figures are difficult to come by, but the printing bills for HUAC reports during the 87th Congress came within a few thousand dollars of equalling the total cost of printing for all other Committees of the House. As usual, the 60-member HUAC staff was the largest in Congress. It was roughly four times as large as the staffs of the Committees on Foreign Affairs (15), Armed Services (16) and Education and Labor (14), and five times the size of the Banking and Currency staff (10).

"Such substantial expenditures might reasonably be expected to lead to significant results. In one sense they have: the HUAC has had ample resources to continue its campaign of harrassment and intimidation against groups espousing what it regards as 'un-American' opinions. Traditionally, however, a Committee has been judged by its contributions to legislation. By this criterion, the output of the HUAC has been notably unimpressive. Considering that, according to the Committee's Annual Report for 1961, its 'primary function' is 'holding hearings for legislative purposes', one might conclude that the Committee had a rather inactive two years.

"Five bills were actually reported out by the HUAC during the 87th Congress. Of these five, one was defeated; three others passed the House and were quietly interred in the Senate. The fifth—the sole legislative product, be it noted, of two years and a $681,000 appropriation—passed both House and Senate and was signed by the President.

"What was the character of this bill? HR 9753 amended a provision in the Committee's own Internal Security Act of 1950 that had required the Defense Department to publish a list of strategic defense facilities at which Communists and infiltrators were not to apply for jobs. This requirement, according to a witness from the Department of Justice, 'created a situation dangerous to the national defense, and jeopardized the national security, *since that list could be used as a guidebook for sabotage and for the selection of military targets by any potential enemy.*' One may concede that this correction of the Committee's mistake was highly desirable. Whether so high an appropriation and so large a staff were needed to effect this purpose is a question the taxpayers may well ask.

"Mr. Chairman, today I have confined myself to presenting to you the financial costs of maintaining this ever-growing Committee. These are the most readily measurable costs, hence the ones of which it is easiest to speak. But I would remind you that the most serious cost of supporting the HUAC arise from the damage that it has done, and is doing, to our constitutional liberties. These are, ultimately, the costs that we shall one day have to face."

An Example of Mr. Walter's Strange Conception of What Constitutes Americanism

To declare a man stateless, to make him a man without a country, is one of the severest penalties any government can impose. It was used as a major tool of oppression by pre-war Fascist regimes, and it is still imposed by the Soviet criminal code—and Franco's—for political opposition. No penalty is more totalitarian in spirit. The UN Declaration of Human Rights seeks to forbid it.

Yet Chairman Walter of HUAC has taken to the warpath against what he calls "the left wing of the Supreme Court" for trying to prevent this obnoxious practice from establishing itself in American law. The Court on Feb. 18 did not go so far as to declare it unconstitutional to impose statelessness as a penalty. It merely ruled that a draft dodger could not be declared stateless without a jury trial by mere administrative process within the State or Justice Departments. Yet to Mr. Walter even this tentative affirmation of free legal principles is suspect. He is considering introduction of a bill to override "Messrs. Goldberg, Warren, Douglas, Black and Brennan."

Of the two cases before the Court, one was redolent of racial prejudice against Mexicans, the other of the witch hunt during the McCarthy period against radicals. One of the appellees, Francisco Mendoza-Martinez, an American by birth but with dual Mexican citizenship because of his parentage, served a prison term for draft dodging only to be declared stateless and ordered deported five years later by our immigration service.

The other, Dr. Joseph Henry Cort, was one of those former Communists who fled abroad in the McCarthyite 50s in fear of persecution. He had a research fellowship at Cambridge in polio, from which he had himself suffered. The long arm of the witch hunt reached out for him. The State Department revoked his passport, then his draft board ordered him home. He felt that his physical disabilities and political past barred him from induction and that the real purpose was to subject him to Congressional subpoena or prosecution under the Smith Act. U.S. pressure on the Home Office deprived him of asylum in England and he took refuge in Czechoslovakia, where he has made an international reputation in the study of heart disease. When he tried to return home and do military service, the State Department declared him stateless and barred him. The ECLC brought a test suit on his behalf.

In three previous rulings the Supreme Court has upheld deprivation of citizenship. But in the first two it was on the grounds that U.S. citizenship had been voluntarily relinquished, in one case by marriage and the other by naturalization in another country. It was not until four years ago that a 5-to-4 Frankfurter decision for the first time upheld imposition of statelessness as a penalty, in that case for voting in a foreign election. Now his successor, Goldberg, has tipped the scales the other way and held unconstitutional a statute allowing deprivation of citizenship, at least without a jury trial. To Walter's twisted vision this looks "leftist." It is by such strange standards that he determines what is "un-American."

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50 Years Ago A Senate Revolt Against Its Oligarchy Made Reform Program Possible

Clark Defies the Club "Code" to Expose the Senate Establishment

The Senate, like most clubs, schoolyards and I suppose prison compounds, is ruled by inside cliques, buttressed by their bully boys, and surrounded by toadies. The code makes squealing the prime offense, and the *hoi polloi* are rewarded with minor favors if they "take it" in silence. For several years running, Senator Joseph S. Clark *(D. Pa.)* has defied this code to educate his colleagues and the public on the realities behind the Senate's facade. On Feb. 19, 20 and 21 he took the floor in another lonely battle against what he termed the Senate "establishment." He said this was "almost the antithesis of democracy . . . not selected by any democratic process . . . quite unresponsive to the caucuses of the two parties, be they Republican or Democratic . . . a self-perpetuating oligarchy." But though encouraging notes were privately passed to him by members of the cowed majority, only two members in those three days had the nerve to support him publicly—Douglas of Illinois and Proxmire of Wisconsin, and only 14 others joined them in a test vote Feb. 25.

Kennedy Congress in Name Only

"We now stand," Clark said in the first of his three addresses, "at the beginning of what might be called a Kennedy Congress, but actually it is not a Kennedy Congress, and it seems to me that it is not going to be a Kennedy Congress. The principal reason why it is not going to be a Kennedy Congress, so far as the Senate is concerned, is, in my opinion, that we are operating under archaic, obsolete rules, customs, manners, procedures and traditions—and because the operation under these obsolete and archaic setups is controlled by this oligarchical Senate establishment, a majority of the members of which, by and large, are opposed to the President's program."

Senator Clark did not say so but the President's program is itself to the right of the platform on which he won election, but not far enough to the right to suit the coalition of conservative Southern Democrats and Republicans who dominate Congress. This Administration may be physically fit but it is politically flabby; on Capitol Hill its most spectacular hikes are all retreats. Its tax and economic programs are feeble, its social reform measures watered down. It compromises every battle before it begins. But it is still too liberal to suit the oligarchs who run Congress.

The fight waged by Clark is one which was waged before the first World War by the elder La Follette. The target then was a clique of wealth Republican oligarchs led by Aldrich of Rhode Island. But in 1913 when Woodrow Wilson was elected, the Democrats captured control of the Senate for the first time in 16 years. Democrats, Progressives and Bull Moose Republicans joined hands in a Senate revolt which discarded seniority, put younger men into chairmanships and made it possible for a majority on Committees to override the chairmen. The result was that Wilson was able to put through one of the greatest programs of social and economic reform this country has seen, establishing the Federal Reserve system, lowering the tariff, setting up the Federal Trade Commission, reforming the civil service, enacting pure food and drug legislation and tightening up the anti-trust laws. Clark would like to spark a similar revolt today but the majority and the White House are scared stiff of the Senate oligarchy.

In a complex and masterly analysis, Clark showed that in passing out the Senate Committee assignments for this Congress the Southern oligarchy in the Democratic party discarded seniority where it suited them in order to punish those who fought against the filibuster and reward those who voted with the Southerners. They kept their citadel, the Finance Committee, from being expanded but expanded the Foreign Relations Committee (see box below) over its chairman, Fulbright's, wishes, in order to give rightists control of it. The crusade on which Clark has been engaged requires a courage the Kennedy Administration has not yet exhibited—to wage a losing battle for the sake of a public education which can alone make victory ultimately possible. It must join Clark in his fight for rules reform or see its whole program smothered again.

JFK Afraid to Fight the Oligarchy

Sen. CLARK (D. Pa.): Where is the program of the President of the United States going to get stalled? Where was medicare bottled up last year? Where is the tax bill and the tax reform bill in jeopardy this year? It is in the Finance Committee. . . .

Sen. MANSFIELD (D. Mont. and Majority Leader): A few months ago I received a letter from the Senator from Pennsylvania at which time he made the suggestion that because of the increase in the Democratic membership in the Senate, the ratio in the Finance Committee should be changed in proportion.

I thought it was a good idea. I called it to the attention of the President. He said, 'That is your business; it is the Senate's business.' He indicated that he was interested in the tax bill, but so far as the ratio of membership on the committee was concerned, he showed no interest. . . .

Sen. CLARK: While no doubt it is true that the White House did not inject itself in such fashion as to apply pressure concerning the size of the Committee on Finance, I suspect that those who know the President of the United States would not be far off if we felt that he would not have been seriously disappointed if he found that the size of the Committee of Finance had been increased, or a more favorable Democratic ratio achieved.

—In the Senate, Feb. 19.

Foreign Relations and Armed Services Stacked Against Test Ban and Disarmament

Sen. CLARK (D. Pa.): I now turn to the vital assistance of the Republican members of the establishment in maintaining control of the Armed Services Committee, a committee very important indeed to our national security. . . .

Certainly the establishment in its control of the Armed Services Committee is not notorious in its support of the present or past administration's efforts to obtain test ban and disarmament agreements with the Soviets. I am sure this position is sincere, but I point out that this Committee, as anyone who wishes to run his eye down its membership will inevitably conclude, is controlled by a bipartisan coalition of the establishment which, I do not believe, when the chips are down, will give support to certain efforts by the President to ameliorate the cold war situation, or to curtail that military and industrial complex which President Eisenhower referred to. . . .

The next Committee of which the establishment has control is the Foreign Relations Committee . . . as a result of the two new appointments [Smathers of Florida by the Democrats and Mundt of South Dakota by the Republicans, both right wingers—IFS] which are being made to that Committee, the program of the President in foreign affairs is in jeopardy so far as that program is under the control of the Foreign Relations Committee.*—In the Senate, Feb. 20.*

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Betancourt and Nelson Rockefeller in Alliance to Pressure JFK

GOP Senator Attributes Cuban War Party Leaks to CIA and Pentagon

The future historian of the recurrent Cuban crisis should pay particular attention to a sinister sequence in the present outbreak. All was relatively peaceful until the Attorney General's interview with *U.S. News and World Report* (Jan. 28) and the *Miami Herald*. His denial that the Bay of Pigs invasion failed for lack of air cover proved explosive. It implied that the failure was due to the mismanagement of our military-intelligence bureaucracy. It was then that the roof fell in.

In the wake of the interview, leaks stirred up a series of speeches by Republicans and rightist Democrats. One Republican Senator, Hugh Scott (R. Pa.) has since said publicly that the leaks came from military and intelligence sources angry with the Administration. This was in a statewide radio-TV broadcast carried by Pennsylvania stations Feb. 24. The columnist Holmes Alexander was interviewing Scott and Senator Clark (D. Pa.). This deserves wider attention:

Military Vendetta, Not Scuttlebutt

Alexander asked Clark, "Don't you have a pretty good idea of where Senator Keating and Senator Goldwater get their information?" Clark said he thought it was scuttlebutt picked up at the Officers' Bar Club in Guantanamo or from Cuban refugees. "What I wanted to suggest to you," Alexander said, "is that some of these Republican Senators are getting their information from what is called 'hard policy' men in the Pentagon and in the CIA." Clark said he didn't believe this. At which Scott chimed in and said, "Well you ought to begin to believe it because let me tell you that's where it is coming from. It's coming from people in the very groups you [Alexander] have named. Some of these very people have people working under them who are horrified at the continual weakening of the defense of this country through its foreign policy."

Coming from a Republican Senator this was impressive. He attributed the leaks to people "horrified" at the "weakening" of our defenses. Their horror was well controlled until the Bobby Kennedy interview implied that the world's biggest and most expensive war and intelligence machine was too incompetent to pull off a small scale invasion only 90 miles from our shores. The truth hurt, and the President was to be punished because his brother had blurted it out.

In the shadows behind the present uproar over Cuba is also an alliance between Betancourt of Venezuela and Nelson Rockefeller, Esso's gift to U.S. politics and a leader of the war party. Standard Oil, fearful for Creole Petroleum in Venezuela, one of its richest properties, has long been for action against Castro. So has Betancourt.

Few Americans realize that under pressure from U.S. interests, Betancourt has moved right of center in Venezuelan politics. The three party coalition which brought him to power broke up over Cuba and left him only with the (Catholic) Christian Socialists as allies. There have been two splitoffs from his own *Accion Democratica* party in discontent with his weak policies, particularly with the world's slowest and most expensive "land reform," a reform which has left the power of the great landowners intact. He has lost control of Congress, and has ruled for months under suspension of constitutional guarantees. If revolution is to be prevented in Venezuela, Betancourt should move leftward. Instead, with Nelson, he has been moving toward war with Cuba.

To Keep The Hemisphere "Free"

"Prohibit travel to Cuba . . . limit all activities (lectures, festivals, art and sport missions, congresses, dramas, exhibitions, etc.) that tend to favor communist propaganda . . . exercise strict control over the broadcasts of the legally established radio stations for the purpose of severely punishing those guilty of carrying on propaganda activities of a communist nature . . . establish a postal control of printed matter entering or leaving a country. . . . Circulation of any publication containing subversive propaganda of a communist nature should be prohibited . . . prohibit the showing of films produced in the countries of the communist bloc and those others produced in other countries which, in the judgment of the governments, favor communist propaganda . . . exercise control over television programs that favor communist propaganda. . . ."

—Report released Feb. 20 by the Special Consultative Committee on Security of the OAS.

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